

286.3-874 Rights of receiver under participation agreements.

The granting of a participation in a loan or other asset shall, unless otherwise expressly so stated in the participation agreement or certificate, constitute a sale and assignment of, and transfer of ownership in, a proportionate interest in the loan or other asset and in all security interests, guaranties, and other rights granted under the loan agreement, the note, and all documents of any nature related to the loan or other asset, whether such documents are contemporaneously or thereafter executed. The perfection of a security interest in personal property or the filing of a lien on real property by the selling bank shall be deemed perfection or filing on behalf of each participant, whether or not such participant shall be a participant at the time of such perfection or filing. Upon the closing of a bank under KRS 286.3-854, the receivership estate shall have no interest in such proportionate interests in the loan or other asset, or in any security therefor or any rights therein, therefore, sold a participant, such rights passing, to the extent such rights have not previously passed to the participant without further action on the part of the selling bank or participant. The receiver shall have no greater rights under any participation agreement than did the closed bank immediately prior to its closing.

Effective: July 13, 1984

History: Created 1984 Ky. Acts ch. 324, sec. 53, effective July 13, 1984.

Formerly codified as KRS 287.874.

Legislative Research Commission Note (7/12/2006). In accordance with 2006 Ky. Acts ch. 247, secs. 38 and 39, this statute has been renumbered as a section of the Kentucky Financial Services Code, KRS Chapter 286, and KRS references within this statute have been adjusted to conform with the 2006 renumbering of that code.